

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON AGRICULTURE, LIVESTOCK AND IRRIGATION

Call to Order: By **CHAIRMAN RIC HOLDEN**, on February 5, 2001 at 3:00 P.M., in Room 422, Capitol.

ROLL CALL

Members Present:

Sen. Ric Holden, Chairman (R)
Sen. Pete Ekegren, Vice Chairman (R)
Sen. Mike Halligan (D)
Sen. Greg Jergeson (D)
Sen. Walter McNutt (R)
Sen. Arnie Mohl (R)
Sen. Linda Nelson (D)
Sen. Gerald Pease (D)
Sen. Corey Stapleton (R)
Sen. Jon Tester (D)
Sen. Tom Zook (R)

Members Excused: None.

Members Absent: None.

Staff Present: Laramie Cumley, Committee Secretary
Doug Sternberg, Legislative Services

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 245 1/17/01, SJ 7 1/16/01
Executive Action: none

Sponsor: SEN. RIC HOLDEN, SD 1, GLENDIVE

Proponents: Dale Schuler, Montana Grain Growers Association
Steve Pilcher, Montana Stockgrowers Association
Nancy Schlepp, Montana Farm Bureau
Carol Lambert, Women Involved in Farm Economics
Betsy Allen, Senator Conrad Burns
John Semple, Montana Cattlewomens Association

**Montana Woolgrowers Association and
Montana Dairymens Association
Pam Langley, Montana Agriculture Business Association
Art Loendorf, Montana Farmers Union
Dena Hoff, Northern Plains Resource Council
Mary Allen, Western Environmental Trade Association
John Cadby, Montana Bankers Association
Sharron Hoff-Brodoway, Montana Catholic Conference
Ralph Peck, Montana Department of Agriculture
Bob Pyfer, Montana Credit Union League**

Opponents: none

Opening Statement by Sponsor:

SEN. RIC HOLDEN, SD 1, GLENDIVE, presented written testimony and further explained SB 245. **EXHIBIT(ags29a01)** **SEN. HOLDEN** also presented a letter of support from Montana Woolgrowers Association. **EXHIBIT(ags29a02)**

Proponents' Testimony:

Dale Schuler, Montana Grain Growers Association expressed support for this bill because it may help farmers in times of need, as well as to become better marketers and receive higher prices for their products.

Steve Pilcher, Montana Stockgrowers Association stated that this is an important issue and industry in Montana. He said this is a good bill without a fiscal impact.

Nancy Schlepp, Montana Farm Bureau supported SB 245 and stated this would also be supported on a federal level because it helps family farms.

Carol Lambert, Women Involved in Farm Economics commented that anything that can be done to help family farms is appreciated and she solidly stood in support of SB 245.

Betsy Allen, Representing SENATOR CONRAD BURNS, read a letter of support from **SENATOR BURNS**. **EXHIBIT(ags29a03)**

John Semple, Montana Cattlemen, Dairymen and Woolgrowers Associations also stood in support of the bill.

Pam Langley, Montana Agribusiness Association stood in support of the Legislation.

Art Loendorf, Montana Farmers Union stated that they too support SB 245.

Dena Hoff, Northern Plains Resource Council, supported the long awaited assistance from the Government which makes this bill a short term tool to assist with long term solutions. This could be an emergency reserve to help work through economic crises.

Mary Allen, Western Environmental Trade Association stated that their organization supports SB 245.

John Cadby, Montana Bankers Association stated that small community banks have heavy portfolios for farmers. Therefore, if the farmers do not make it, the small banks do not make it. He also said that this bill seems to be more focused on the family farm than the large corporations, which he supports.

Sharron Hoff-Brodoway, Montana Catholic Conference asked for this bill to be supported.

Ralph Peck, Montana Department of Agriculture expressed support for SB 245.

Bob Pyfer, Montana Credit Unions League also expressed support for SB 245 and discussed the revision of current credit union regulations to include them in this type of program.

Opponents' Testimony: none

Questions from Committee Members and Responses:

SEN. TOM ZOOK asked if the bill referred to gross or net income.

SEN. HOLDEN answered that in the bill, on page two, line four, that question would be explained.

SEN. COREY STAPLETON suggested that bank or credit union should say financial institution. **SEN. HOLDEN** explained that the language in the bill was shared by **SEN. CONRAD BURNS'** bill in the U.S. Congress and **SEN. BURNS** researched the banking laws.

SEN. STAPLETON asked if the plan would effect a retirement plan.

SEN. HOLDEN reassured him that this plan was completely different than any other plan.

SEN. STAPLETON asked if the account would be taxed as regular farm income and if the IRS rules would be followed. **SEN. TESTER** clarified that the principal, as well as the interest, would be taxed together when the account was closed.

SEN. TESTER questioned the eligibility of family farm corporations or a lessee. **SEN. HOLDEN** noted that the broadness of this and the policy decision needs to be made by the committee in executive action.

SEN. NELSON addressed the issue of income eligibility. **SEN. HOLDEN** stated that this may have to follow the same standards as the fuel tax refund, although the thought of market crashes need to be considered. The definitions in this bill need to be studied to ensure that it is going to work as expected.

SEN. TOM ZOOK inquired about a situation in which a couple owned a brand and opened one of these accounts. In this case, he asked could one of these people register another brand and open another account? **SEN. HOLDEN** replied that this was correct; both the husband and the wife can set up one of these accounts.

SEN. GREG JERGESON asked why this bill was limited to only agriculture, with all of the fluctuation in energy costs. He also asked if Silva culture was included in the definition of agriculture. **SEN. HOLDEN** expressed that he was proud to represent farmers and ranchers and that with agriculture being the main industry in Montana, the issue of keeping these farmers and ranchers in business is very important, and this issue is not about energy. **SEN. HOLDEN** was unsure of the eligibility of Silva culture in this program.

SEN. ZOOK noted that all of forestry and also fish hatcheries are considered agriculture.

SEN. JERGESON commented that a recession in farm country causes a depression on main street. **SEN. HOLDEN** stated that in bad years, the small town, main street businesses do not receive payments on the credit they have extended. Therefore, this bill would help the farmers and ranchers pay the bills in bad times to keep the small businesses going.

SEN. JERGESON asked why a second fiscal note was requested. **SEN. HOLDEN** replied that a second fiscal note was requested because the department recognized that these accounts were going to earn interest; therefore, more money could be tax, and this revenue would affect the fiscal impact.

SEN. JERGESON questioned language on the revised fiscal note that read "net impact cannot be determined", and explained that this could be a disaster and disservice to the sponsor and the legislature because a public policy decision needed to be made. **SEN. HOLDEN** explained that the department can not be expected to make an assumption that fine tuned. It can not be determined how

much money will be put in every account or how much money will be withdrawn from every account.

SEN. TESTER stated that this is going to have a negative impact on the general fund unless people have more than five years of "good times" in a row because in good years, people will save money in this account so they do not have to pay taxes on it, and in bad years it can be written off as expenses.

SEN. HALLIGAN suggested that the eligibility requirements in the bill, possible amendments to include small family farm corporations and gross income requirement issues make a slippery slope that needs to be carefully looked at.

SEN. COREY STAPLETON suggested a 20,000 dollar cap amendment on the bill.

Closing by Sponsor:

SEN. HOLDEN presented a brief outline of SB 245 and also written closing testimony. He also noted that this bill perfectly dovetails with SEN. CONRAD BURNS' bill in Washington. This bill is intended to help family farmers and ranchers manage their risks. **EXHIBIT (ags29a04)** **EXHIBIT (ags29a05)**

HEARING ON SJ 7

Sponsor: SEN. JON TESTER, SD 45, BIG SANDY

Proponents:

Bob Quinn, Representing himself
 Percy Schmeiser, Representing himself
 Art Loendorf, Montana Farmers Union
 Jeff Schahczenski, Western Sustainable Agriculture
 Working Group
 Dan Dutton, Northern Plains Resource Council
 Dena Hoff, Northern Plains Resource Council
 Nancy Matheson, Alternative Energy Resources
 Organization
 Jim Barnrover, Representing himself
 Randi Erickson, The Good Food Store
 Kevin Christensen, Montana Organic Farms
 Bob Stevens, Representing himself
 Robert Boettcher, Representing himself
 Betty Whiting, Montana Association of Churches
 Gloria Flora, Representing herself

REPRESENTATIVE BUTCH WADDILL, Representing himself

Opponents:

Luther Tabbert, Montana State University Spring Wheat Program
Dan Biggerstaff, Western Plant Breeders
Ron Ueland, Western Plant Breeders
Arleen Rice, United Agriculture Products
Doug Riders, Monsanto
Carol Lambert, Women Involved in Farm Economics
Dale Schuler, Montana Grain Growers Association
Dave McClure, Montana Farm Bureau
Pam Langley, Montana AgriBusiness Association,
Montana Seed Trade Association, and Pacific Northwest
Grain and Feed

Opening Statement by Sponsor:

SEN. JON TESTER, SD 45, BIG SANDY opened SJ 7 by presenting amendments to the resolution. **EXHIBIT (ags29a06)** These amendments make the resolution more balanced. He explained that he tried to encompass people's concerns in the resolution, as well as maintain the parts he believed had integrity. He also explained that SJ 7 was a study of the market ability of certified Genetically Modified Organism (GMO) free crops, crops grown in GMO free zones and GMO crops that will enhance nutrition, milling and pharmaceutical qualities, and asked if Montana Market would pay higher prices for these products.

Proponents' Testimony:

Bob Quinn presented written testimony in support of the resolution. **EXHIBIT (ags29a07)**

Percy Schmeiser, Canadian farmer and former politician, said he grew regular canola for fifty years. There are many problems surrounding this issue, he told the committee. Regulatory approval for growing genetic-altered canola was approved in Saskatchewan. A lawsuit was filed against him, he said, for growing this canola. The issue to a farmer is not one of economics, it's an issue of public rights. A decision on the lawsuit has not been issued, as yet, he said.

Genetic-altered canola is not more nutritious, **Mr. Schmeiser**, continued, and it has now become a noxious weed. This represents an economic loss to Canadian farmers because they cannot use their seeds when they grow genetic-altered canola. He must now sign a contract for a technology charge. Economic hardships are

imposed on the farmer such as liability, handling, labeling, lost sales, lower prices for these products, cost of clean-up do to contamination of fields, and lowered insurance premiums for non-GMO crops. He stated that farmers are no longer working together, and they are encouraged to rat on each other. **Mr. Schmeiser** said that if people did "rat on their neighbors", they were given a leather jacket by Monsanto.

Art Loendorf, Montana Farmers Union, commented that the same idea for this study passed unanimously in front of their state convention because they are interested about the questions and answers regarding this issue.

Jeff Schahczenski, presented written testimony. **EXHIBIT (ags29a08)** He also presented examples of bread; one loaf is a GMO product, one is undecided, and the final loaf of bread is 100% GMO free.

Dan Dutton, presented written testimony. **EXHIBIT (ags29a09)**

Dena Hoff, presented written testimony. **EXHIBIT (ags29a10)**

Nancy Matheson, presented written testimony as well as facts about GMO's around the world. **EXHIBIT (ags29a11)** **EXHIBIT (ags29a12)**

Jim Barngrover, presented written testimony. **EXHIBIT (ags29a13)**
EXHIBIT (ags29a14)

Randi Erickson, presented written testimony. **EXHIBIT (ags29a15)**

Kevin Christensen expressed his concern with this issue. He said that he raises 300 pigs per year that are worth about \$190,000. If his farm was contaminated by a truck driving by, his pigs would be worth about \$6,000 and he would be out of business. He said that operations needed to be tailored for quality, purity, the demand of the consumer.

Bob Stevens spoke of out-of-country tourists and the things that they do not like about Montana which may include GMO's. These tourism dollars will be lost. Mr. Stevens suggested perineal wheat and explained the benefits of this choice.

Robert Boettcher expressed concern for economic devastations for all producers not only organic producers. Mr. Boettcher presented information from 1999 National Agricultural Biotechnology Council Meeting. **EXHIBIT (ags29a16)**

Betty Whiting presented written testimony. **EXHIBIT (ags29a17)**

Gloria Flora also presented written testimony. **EXHIBIT (ags29a18)**

REP. BUTCH WADDILL stated that if this does not pass, the negative impacts on farmers will be disastrous.

Opponents' Testimony:

Luther Talbert believes that GMO's are a positive thing and that it will continue to be a positive thing. He stated that these products are approved and if this passes, Montana would be withdrawing from the modern world. **Mr. Talbert** presented written philosophy. **EXHIBIT (ags29a19)**

Dan Biggerstaff presented written testimony. **EXHIBIT (ags29a20)** He also noted that all wheat in Montana is genetically modified.

Ron Ueland stated that with his background, he understands this issue and the strong science involved. **EXHIBIT (ags29a21)** He presented some of his opinions in writing. He also noted that these products could help with malnutrition and this is a good opportunity for Montana.

Arleen Rice explained the benefits of plant produced vaccines, cancer and Alzheimer medicines, as well as insulin, that are a product of genetically modified organisms. These products are used all over the world.

Doug Riders added that there are concerns regarding these issues and that Monsanto is aware of the problems that could arise from the market of GMO's.

Carol Lambert stated that this may infringe on the property rights of Montanans. The rights to market and grow what people wish to, is their choice.

Dale Schuler presented a Biotechnology Position Statement. **EXHIBIT (ags29a22)** and explained some of the points on this statement. Mr. Schuler discussed concerns about Montana being a GMO free zone, and he stated that Montana Grain Growers Association is working with the industry to develop a testing program. He also said they are urging technology providers to obtain approval for this technology, and to ensure customer acceptance before moving forward.

Dave McClure stated that there are numerous studies nationwide, therefore there is no need for this type of study in Montana. GMO's are an exciting new opportunity for Montanans and the rest of the state should not be limited if GMO free zoning is accepted.

Pam Langley, presented a letter from Pacific Northwest Grain and Seed Association. **EXHIBIT(ags29a23)** she read underlined topics to the committee. **Mrs. Langley** stated that the definitions in the resolution are weak and there is no definition of "GMO free". She also discussed the fluctuation of the market, trade decisions and the mislead consumer and how these things need to be considered. She noted the understanding that Monsanto will not introduce round-up ready wheat until there is a market for it. **Mrs. Langley** commented on the massive biotechnology project that is almost in sight at MSU. A South Dakota House Resolution was presented to the committee involving the same issues. This passed with only four no votes. **EXHIBIT(ags29a24)** She also presented a positive article called New Iowa. **EXHIBIT(ags29a25)**

Questions from Committee Members and Responses:

SEN. HOLDEN asked **Mrs. Hoff** what her real fears were of GMO's and what were the fears of the people of Dawson County.

Dena Hoff stated that there is nowhere to market these products and if someone was to grow GMO crops in the county, she would like a guarantee that it will not contaminate her farm and if it damages any of her market, she would like to know who is going to pay for these damages.

SEN. HOLDEN followed by asking if she had a concern with a possible health issues involving GMO crops or products. **Dena Hoff** stated again that her problem is the market and she told about 50,000 farmers from one state in India that were trying to run Monsanto out of India. These people do not want someone controlling their seed supply. She went further to explain that because of GMO seed there has been a rash of suicides because they have gone so far into debt buying round-up and when these poor farmers go into debt, they sell their kidneys to pay these debts. Kidney brokers come to their villages and take them to a tent on the border to cut their kidneys out and they are sent back to their villages with no follow-up care. She met these farmers, they look like the living dead, they can not work anymore, their wives are laborers and their daughters are prostitutes to feed the family. She claimed these biotech horrors in India had far reaching impacts and she did not want Montana exposed to the same disaster.

SEN. HOLDEN asked what the harmful affects of GMO crops were.

Dena Hoff stated that she would get the committee scientific evidence from a great number of sources from around the world that would prove that there are harmful affects of GMO crops.

SEN. HOLDEN asked what the scientific information would state.

Dena Hoff said he would have to read of the harmful affects to plants, animals, and humans for himself.

SEN. HALLIGAN inquired about how a legislative committee could accomplish a market study considering the diversity. **SEN. TESTER** stated that his view of this resolution was much more simplistic and that it did not speak of banning or promoting non GMO crops or products. He said that this is just a study to give family farms the best marketing ability.

SEN. HALLIGAN suggested an interim committee for a fair look at biotech. **SEN. TESTER** stated that this includes many other aspects, not only biotech.

SEN. MCNUTT noted that SJ 7 was absent a fiscal note and he expressed concern with cost and false hope associated with this study. **SEN. TESTER** stated that giving false hope to people was not the intent. He had thoughts of SJ 7 going to an interim committee, although the committee needs to make the decision. **SEN. TESTER** stated that a fiscal note was not requested because he understood how tight the budget was.

SEN. HALLIGAN explained the interim ranking process at the end of the session and the budget.

Closing by Sponsor:

SEN. TESTER closed by stating the goals of the resolution and also stating that this would not take away property rights, it was only a marketing study.

ADJOURNMENT

Adjournment: 6:00 P.M.

SEN. RIC HOLDEN, Chairman

LARAMIE CUMLEY, Secretary

RH/LC

EXHIBIT (ags29aad)